

Message Text

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C O N F I D E N T I A L MOSCOW 18282

USDOC FOR BEWT/DOWNING

E.O. 11652 GDS

TAGS: EETW ESTC ETRN UR US

SUBJ: SOVIET DISAPPOINTMENT OVER USG ATTITUDE TOWARDS PENDING

AGREEMENTS WITH LOCKHEED

1. SUMMARY. LOCKHEED INTERNATIONAL PRESIDENT GEORGE PRILL REPORTED THAT DURING HIS CURRENT ROUND OF TALKS WITH SOVIETS HE HAD ENCOUNTERED CONSIDERABLE ANNOYANCE OVER FAILURE OF USG, PARTICULARLY AFTER VLADIVOSTOK SUMMIT, TO APPROVE TWO PENDING STUDIES (SEE MOSCOW 14759 FOR DESCRIPTION OF ROUTE/AIRCRAFT USE STUDY AND HELICOPTER STUDY, NEITHER OF WHICH ACCORDING TO LOCKHEED ENTAILS COMMITMENTS FOR FUTURE PURCHASES OF AIRCRAFT OR EXCHANGE OF TECHNOLOGY). PRILL CLAIMED SOVIETS WATCHING THESE CASES VERY CLOSELY FOR INDICATIONS

OF HOW USG PLANS FULFILL COMMITMENTS IN ECONOMIC AREA AND SAID THAT SOVIETS SEE LOCKHEED PROPOSALS AS A TOUCHSTONE OF USG INTENTIONS. END SUMMARY.

2. DURING CALL ON AMBASSADOR DECEMBER 4, PRILL EXPRESSED CONSIDERABLE

DISAPPOINTMENT THAT CURRENT VISIT TO MOSCOW (HIS EIGHTH THIS YEAR) DID NOT PRODUCE SIGNED AGREEMENTS ON TWO STUDIES WHICH LOCKHEED HAS BEEN NEGOTIATING WITH SOVIET MINISTRY OF CIVIL AVIATION AND
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MINISTRY OF AVIATION INDUSTRY. PRILL HAD BEEN IN MOSCOW ONLY

THREE WEEKS AGO (REFTEL) BUT DECIDED THAT IN LIGHT OF VLADIVOSTOK SUMMIT, NECESSARY USG APPROVAL OF TWO CONTRACTS WOULD BE FORTH-COMING BY TIME OF HIS RETURN. FAILURE TO OBTAIN GREEN LIGHT FROM USG WAS CONVEYED TO SOVIETS, WHO, PRILL REPORTED, CLEARLY SHOWED THEIR DISPLEASURE AT LOCKHEED'S INABILITY TO MOVE FORWARD.

3. PRILL SAID HE WAS CERTAIN MINISTRY OF CIVIL AVIATION HAD ALL NECESSARY INTERNAL APPROVALS TO SIGN BOTH CONTRACTS AT ANY TIME. HOWEVER, IN VIEW USG ATTITUDE THEY ARE UNWILLING TO BE CAUGHT OUT IN FRONT AND BE SEEN AS THE SUITOR. PRILL SAID SOVIETS WERE NOW SITTING BACK TO SEE WHAT USG DECIDES TO DO IN THESE CASES. HE PLANS RETURN TO MOSCOW IN MID-JANUARY, BY WHICH TIME HE HOPES TRADE BILL WILL HAVE BEEN PASSED AND USG APPROVAL WILL HAVE BEEN GRANTED FOR TWO CONTRACTS, THUS CREATING MORE FAVORABLE ATMOSPHERE.

4. IN DISCUSSION WITH AMBASSADOR, PRILL SAID HE HAD IMPRESSION ON BASIS TALKS WITH STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, CIVIL AVIATION MINISTRY, AND MINISTRY OF AVIATION INDUSTRY THAT SOVIETS ARE INTENSELY INTERESTED IN HOW USG WILL HANDLE PENDING HIGH TECHNOLOGY DEALS IN LIGHT OF VLADIVOSTOK SUMMIT. SOVIETS HAVE MADE CLEAR THAT THEY REGARD USG ACTION ON LOCKHEED CONTRACTS AS SOMETHING OF WEATHERVANE FOR USG INTENTIONS.

4. PRILL WAS ALSO VERY CONCERNED OVER RECENT U.S. PRESS REPORTS (REPLAYED IN PARIS HERALD-TRIBUNE) OF PROPOSALS FOR LOCKHEED-SOVIET COOPERATION. HE TERMED THESE REPORTS "VICIOUSLY MISLEADING," AND POINTED OUT THAT WHEN SOVIETS READ IN THESE ARTICLES THAT USG SOURCES HAS STATED THAT "UNDER NO CIRCUMSTANCES WOULD SUCH DEALS BE APPROVED", LOCKHEED'S CREDIBILITY WITH SOVIETS SUFFERS.
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